

Message Text

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AGR-20 AID-20 CIAE-00 COME-00 INR-11 LAB-06 NSAE-00

OIC-04 RSC-01 SIL-01 STR-08 TRSE-00 CIEP-03 CEA-02

AF-10 ARA-16 EA-11 EUR-25 NEA-14 SS-20 NSC-07 PA-04

PRS-01 USIA-15 L-03 H-03 INT-08 GSA-02 DODE-00 PM-07

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E.O. 11652: N/A

TAGS: UNCTAD, EMIN, ETRD

SUBJ: UNCTAD: NINTH SESSION OF TUNGSTEN COMMITTEE WORKING GROUP,
GENEVA, AUGUST 12-16, 1974

REF: (A) GENEVA A243, JULY 9, 1974; (B) GENEVA 5893, NOV. 6
1973

BEGIN SUMMARY: DURING UNCTAD WG MEETING OF TUNGSTEN
COMMITTEE WHICH CONVENED IN GENEVA DURING WEEK AUG. 12,
IT WAS APPARENT TO US DEL THAT MANY LDC PRODUCERS REGARDED
TUNGSTEN WG AS EXPERIMENTAL FORUM TO TEXT DC READINESS TO
MOVE AGGRESSIVELY ON IMPLEMENTATION OF UNGA SPECIAL SESSION
ACTION PROGRAM. THIS THEME SPARKED IN OPENING REMARKS BY
DIRECTOR UNCTAD COMMODITY DIVISION. LDC TACTICS THUS WERE
TO PRESS VIGOROUSLY FOR EXTREME DEMANDS ON COMMODITY ARRANGE-
MENTS WHICH CONSUMING NATIONS (INCLUDING USSR) UNANIMOUSLY
FELT PREMATURE. FORTHCOMING, YET FIRM POSITION OF US IN
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ADVOCATING PRACTICAL FIRST STEPS THROUGH FULLER COOPERATIVE

INFORMATIONAL EXCHANGES WERE INCORPORATED IN FINAL CONCLUSIONS OF WG. LDCS, THOUGH PROFESSING DISAPPOINTMENT WITH LIMITED PROGRESS, PRIVATELY CONCEDED THAT WG ACHIEVED CONSTRUCTIVE AND POSITIVE RESULTS. END SUMMARY

1. UNCATD TUNGSTEN COMMITTEE (TC) WORKING GROUP (WG) MET AUG 12-16 FOR (PER CHARGE FROM TC) "IND-DEPTH EXAM OF SPECIAL CHARACTERISTICS OF TUNGSTEN MARKET AND FEASIBILITY OF ALTERNATIVE EFFECTIVE MEASURES FOR BRINGING ABOUT GREATER PRICE STABILITY IN TUNGSTEN AT REMUNERATIVE AND EQUITABLE PRICE LEVELS AND AT HIGH AND GROWING LEVEL OF SUPPLY AND DEMAND."

2. VETERAN UNCTAD TUNGSTEREER ECHAZU (BOLIVIA--ALSO CHAIRMAN OF UNCTAD TC) WAS ELECTED WG CHAIRMAN, AND VAN DIEST (NETHERLANDS MINISTRY OF ECONOMIC AFFAIRS) ELECTED VICE CHAIRMAN/RAPPOREUR. AS DURING LATE 1973 MEETINGS, ECHAZU PROVED INEFFECTIVE CHAIRMAN, WITH PENCHANT FOR RAMBLING, LARGEY PHILOSOPHICAL DIS-COURSES IN FAVOR OF COMMODITY AGREEMENTS.

3. UNCTAD COMMODITY DIVISION DIRECTOR GHIDZERO OPENED SESSION WITH REMARKS NOTING INTER ALIA "ADDED SIGNIFICANCE" OF SESSION IN VIEW OF RECENT UNGA SPECIAL SESSION DECLARATION ANC ACTION PROGRAM ON ESTABLISHMENT OF NEW INTERNATIONAL ECONOMIC ORDER. WHILE HE AND UNCTAD SECRETARIAT VIEWED UNGA SPECIAL SESSION AS PROVIDING THE "WIDE FRAMEWORK" FOR WG DELIBERATIONS, NO DELEGATE ENDORSED SECRETARIAT COMMENTS, PREFERRING INSTEAD TO CONCENTRATE WG DISCUSSIONS AROUND BACKGROUND PAPER PRE-PARED BY SECRETARIAT (DOCUMENT TD/B/C.1/TUNGSTEN COM/WG/2). US DEL DID NOTE, HOWEVER, THAT WG WAS A TECHNICAL SESSION TO CONSIDER A TECHNICAL SUBJECT, AND THAT TDB MEETING WEEK OF AUG. 19 WOULD BE APPROPRIATE FORUM FOR DISCUSSION OF UNGA ISSUES.

4. PRODUCER COUNTRY LEADERSHIP PROVIDED BY BOLIVIA AND AUSTRALIA, WITH LATTER SUCCESSFUL TO SOME DEGREE IN REINING BOLIVIANS. US DEL PROVIDED LIMITED OFFICIAL USE

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CONSUMER COUNTRY LEADERSHIP, WITH STRONG SUPPORT FROM UK. USSR AND CHINAPRC PARTICIPATED IN WG SESSIONS (ALTHOUGH PRC NOT MEMEBER OF WG), WITH BOTH SPEAKING TO MUCH GREATER DEGREE THAN AT PREVIOUS TC MEETINGS.

5. DURING PLENARY DISCUSSIONS PRODUCERS, LED BY BOLIVIA, PRESSED THEIR VIEW THAT NO OBSTACLES EXISTED TO INITIATE COMMODITY ARRANGEMENTS AND SOUGHT WG EN-

DORSEMENT OF SPECIFIC RECOMMENDATION ON ESTABLISHMENT MINIMUM (LATER AMENDED TO INCLUDE MAXIMUM) PRICE FOR TUNGSTEN ORES AND CONCENTRATES. (AUSTRALIANS PRIVATELY INFORMED US DEL THAT BOLIVIANS WERE UNDER GOB INSTRUCTIONS TO RETURN HOME WITH WG AGREEMENT ON ESTABLISHMENT OF MINIMUM PRICE FOR TUNGSTEN ORES AND CONCENTRATES.) PRC AND OTHER PRODUCERS SUPPORTED BOLIVIA ON MINIMUM PRICE. SOV DEL, HOWEVER (WHICH PARTICIPATED SILENTLY IN MEETINGS OF CONSUMER DEL CAUCUS), DID NOT SUPPORT PRODUCER CALLS FOR MINIMUM PRICE, BUT INSTEAD CALLED FOR FURTHER STUDY.

6. SUCH EXTREME LDC PRODUCER DEMANDS WERE FIRMLY REJECTED BY ALL CONSUMERS AS COMPLETELY OUTSIDE WG TERMS OF REFERENCE. WITHOUT EXCEPTION, CONSUMER NATIONS FELT THAT UNCTAD SECRETARIAT BACKGROUND PAPER HAD NOT RPT NOT ESTABLISHED FEASIBILITY OF COMMODITY AGREEMENT OR OTHER STABILIZATION MEASURE FOR TUNGSTEN. LED BY US, CONSUMER DLES NOTED LACK OF ACCURATE KNOWLEDGE AND DATA ON SUBSTANTIAL PART OF WORLD TUNGSTEN PRODUCTION, CONSUMPTION AND TRADE (LARGELY FROM PRC, USSR AND NORTH KOREA, WHO TOGETHER ACCOUNT FOR ESTIMATED 40-45 PERCENT OF WORLD TUNGSTEN ORE PRODUCTION); PROBLEM OF DIFFERENT TYPES AND VARYING GRADES OF TUNGSTEN ORES AS WELL AS THAT OF CO-PRODUCTION OF TUNGSTEN WITH OTHER MINERALS (MAINLY TIN). UNDER THESE CONDITIONS, CONSUMER DELS FELT, NO STABILIZATION MEASURES WERE FEASIBLE AT PRESENT TIME.

7. AS CONSTRUCTIVE MOVE AIMED AT ACHIEVING WG CONSENSUS, US DEL PROPOSED (AND OTHER CONSUMER DELS SUPPORTED) THAT TC SESSIONS INCLUDE COUNTRY-BY-COUNTRY PRESENTATIONS ON AND DISCUSSIONS OF TUNGSTEN PRODUCTION, CONSUMPTION AND TRADE, TOGETHER WITH SHORT-TERM FORECASTS(SIX MONTHS LIMITED OFFICIAL USE

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TO YEAR), AS IS ROUTINELY DONE BY OTHER COMMODITY STUDY GROUPS (E.G., LEAD/ZINC, RUBBER). CONSUMER DELS FELT THAT SUCH EXCHANGES OF INFORMATION WOULD IMPROVE (TO USE FRENCH DESCRIPTION) "MARKET TRANSPARENCY", AND COULD BY THEMSELVES BE A FACTOR IN ACHIEVING GREATER PRICE STABILITY IN TUNGSTEN MARKET. ALSO, CONSUMER DELS NOTED, SUCH DATA WOULD BE NECESSARY TO MONITOR EFFECTIVENESS OF ANY ADDITIONAL PRICE STABILIZATION MEASURES THAT MIGHT BE FEASIBLE IN FUTURE.

8. IN MAKING PROPOSAL, US DEL EXPRESSED HOPE THAT THOSE DELS NOT CURRENTLY PROVIDING ABOVE TUNGSTEN DATA TO UNCTAD WOULD DO SO. THIS STIRRED IMMEDIATE RESPONSE FROM USSR AND PRC. SOV DEL REPLIED THAT USSR DID PROVIDE UNCTAD WITH TUNGSTEN DATA, AND AS IF TO

PROVE HIS POINT INFORMED WG (QUOTING FROM RED SOVIET STATISTICAL HANDBOOK) THAT USSR IMPORTED 6,568 METRIC TONS (MT) OF TUNGSTEN ORES AND CONCENTRATES (VALUED AT 12.3 MILLION RUBLES) IN 1972, AND 4823 MT (VALUED AT 8.7 MILLION RUBLES) IN 1973. PRC "DISAGREED" WITH US STATEMENT ON INADEQUACY OF TUNGSTEN DATA; BLAMED WIDE TUNGSTEN PRICE FLUCTUATIONS ON "INTERNATIONAL MONOPOLISTS," AND CLAIMED US WAS EMPHASIZING DATA ISSUE TO HIDE ITS OWN TUNGSTEN MISDEEDS.

9. FRENCH DEL SUPPLEMENTED US PROPOSAL WITH ONE CALLING FOR PROVISION TO UNCTAD ON REGULAR BASIS BY BOTH TUNGSTEN BUYERS AND SELLERS OF AVERAGE ACTUAL BUYING/SELLING PRICES (AND PUBLICATION OF SAME BY UNCTAD REGULARLY), WHICH HE FELT WOULD BE USEFUL SUPPLEMENT TO LONDON METAL BULLETIN (LMB) QUOTATIONS AND HELP ELIMINATE SHORT-TERM PRICE FLUCUATIONS. DUTCH DEL ALSO PROPOSED COMPLIATION OF INVENTORY OF QUESTIONS THAT WOULD HAVE TO BE ANSWERED BEFORE FEASIBILITY OF PRICE STABILIZATION MEASURES WOULD BE ESTABLISHED.

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INFO OCT-01 IO-14 ISO-00 FRB-03 OMB-01 TAR-02 SP-03 SWF-02

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10. PRODUCER DELS EXPRESSED KEEN DISAPPOINTMENT THAT WG UNABLE REACH CONSENSUS ON FEASIBILITY OF COMMODITY AGREEMENT. THEY NOTED THAT UNCTAD HAD ALREADY BEEN GATHERING TUNGSTEN DATA FOR 10 YEARS, AND THAT NEED NOW WAS FOR CONCRETE ACTION ON PRICE STABILIZATION MEASURES. THEY FELT THAT RELUCTANCE OF CON SUMMER DELS TO AGREE ON FEASIBILITY OF COMMODITY AGREEMENT INDICATED LACK OF "POLITICAL WILL" ON PART OF CONSUMER NATIONS TO MEET PRODUCERS NEEDS. SOME FELT THAT EXISTENCE OF ADEQUATE DATA SHOULD NOT BE PRE-REQUISITE FOR COMMODITY AGREEMENT.

11. TO BRIDGE PRODUCER-CONSUMER VIEWS WG ESTABLISHED SMALL GROUP (BOLIVIA, AUSTRALIA, KOREA FOR PRODUCERS; US, UK, FRANCE FOR CONSUMERS) TO DRAFT WG CONCLUSIONS IN FINAL REPORT. GROUP DISCUSSED POINTS DESIRED BY BOTH SIDES WITH VIEW TO FINDING ACCEPTABLE COMMON GROUND, AND COMMISSIONED AUSTRALIA AND UK TO WORK WITH SECRETARIAT

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TARIAT IN ACTUAL WRITING OF DRAFT CONCLUSIONS. FOLLOWING MEETING OF CONSUMER CAUCUS IN WHICH NUMBER OF DELS EXPRESSED APPREHENSIONS OVER CONTENTS OF DRAFT CONCLUSIONS TO BE PRESENTED TO WG PLENARY, US DEL PREPARED ITS OWN DRAFT CONCLUSIONS AS A CONTINGENCY MEASURE AND CIRCULATED THESE INFORMALLY AMONG CONSUMERS. CONSUMERS GENERALLLY PREFERRED US VERSION TO THAT EVENTUALLY ISSUED BY SECRETARIAT WITH RESULT THAT SAME SMALL DRAFTING GROUP WAS CALLED ON TO "MARRY" THE TWO VERSIONS.

12. WHILE FINAL REPORT AND CONCLUSIONS DO MENTION FEASIBILITY OF COMMODITY AGREEMENT AND MINIMUM/MAXIMUM PRICES, THESE CLEARLY SHOW AS VIEWS OF PRODUCERS AND NOT AS WG CONSENSUS. CONCLUSIONS DO SHOW WG CONSENSUS ON CONSUMER PROPOSALS OUTLINED PARAS 7 AND 9 ABOVE. BASICALLY, WG RECOMMENDED TO TC THAT LATTER ADOPT US PROPOSAL CALLING FOR GREATER AND MORE INTENSIVE DATA EXCHANGE, INCLUDING SHORT-TERM FORECASTS.

13. GSA STOCKPILE DISPOSALS: PRODUCERS ON NUMBER OCCASIONS REFERRED CRITICALLY TO PAST US GSA TUNGSTEN DISPOSALS, AND ONE PRODUCER DEL SUGGESTED THAT GSA STOCKPILE MIGHT BE USED TO DEFEND MAXIMUM PRICE UNDER A COMMODITY AGREEMENT. WITH EXCEPTION BOLIVIAN DEL, WHO SAW POSSIBLE BEGINNINGS OF LARGE-SCALE 1969-70-TYPE SALES IN CURRENT DISPOSAL PROGRAM, PRODUCERS INDICATED, AT LEAST PRIVATELY, THAT THEIR CONCERN WAS LARGELY WITH

PAST DISPOSAL PROGRAMS AND NOT WITH CURRENT PROGRAM.
US DEL REITERATED USG STOCKPILE DISPOSAL POLICY (SALES
IN MANNER TO AVOID UNDUE MARKET DISRUPTION, FOLLOWING
CONSULTATIONS WITH INTERESTED FOREIGN GOVERNMENTS,
AND CARRIED OUT PUBLICALLY), AND ASSURED WG AND USG
WOULD CONTINUE TO CONDUCT ITS STOCKPILE DISPOSAL
PROGRAMS IN RESPONSIBLE MANNER.ABRAMS

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